

Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01 CIEP-03

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

DRC-01 /120 W

----- 111173

R 230956Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 2077

USMISSION EC BRUSSELS

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR

SUBJECT: ASSISTANT SECRETARY YEUTTER'S CALL ON MINISTER LAVENS

1. ASSISTANT SECRETARY YEUTTER, FAS ADMINISTRATOR HUME
ALONG WITH EMBASSY OFFICERS CALLED ON MINISTER OF
AGRICULTURE LAVENS ON SEPTEMBER 17. ASSISTANT SECRETARY
YEUTTER REVIEWED THE U.S. SUPPLY SITUATION FOR PRINCIPAL
CROPS. HE MENTIONED (1) RECORD WHEAT AND RICE CROPS;
(2) SOYBEAN CROP, WHILE BELOW EXPECTATIONS, SECOND ONLY
TO LAST YEAR, AND (3) FEEDGRAIN CROP THAT WAS BELOW
EXPECTATIONS BUT STILL LARGE. HE EXPRESSED VIEW THAT
SOYBEAN SUPPLIES WOULD BE SUFFICIENT FOR DOMESTIC
AND EXPORT DEMAND. SUPPLY SITUATION FOR FEEDGRAINS
TIGHTER BUT EXPECTS FEED/LIVESTOCK PRICE RATIOS TO
REDUCE GRAIN FEEDING BOTH IN U.S. AND IN IMPORTING COUNTRIES.

2. MINISTER LAVENS EXPRESSED CONCERN WITH REGARD TO
POSSIBLE IMPOSITION OF EXPORT CONTROLS. ASS'T SEC.
YEUTTER INDICATED THAT HE WAS AWARE OF SUCH
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CONCERN IN BELGIUM AND OTHER EC COUNTRIES AND ADMITTED

THAT THERE WERE PRESSURES IN THE U.S. FOR IMPOSING CONTROLS. HE INDICATED THAT IF EXPORT CONTROLS WERE IMPOSED FOR CORN THEY WOULD ALSO APPLY TO SOYBEANS AND OTHER FEEDSTUFFS. HOWEVER, HE AFFIRMED STRONG OPPOSITION OF U.S. DEPARTMENT OF AGRICULTURE AND PRESIDENT FORD TO SUCH CONTROLS.

3. ASST SEC. YEUTTER REVIEWED THE BEEF SUPPLY SITUATION IN THE U.S. AND IN BELGIUM. HE EXPRESSED OPINION THAT BEEF CATTLE MARKETINGS IN U.S. AND IN ALL MAJOR PRODUCING COUNTRIES WOULD BE HIGHER IN 1975 THAN IN CURRENT YEAR WITH CONTINUED PRICE PROBLEMS. WITH REGARD TO LONGER TERM HE EXPRESSED VIEW THAT INCREASING EMPHASIS SHOULD BE PLACED ON LIVESTOCK PRODUCTION IN BELGIUM AND THE EC. HE POINTED OUT THAT PER CAPITA CONSUMPTION OF RED MEATS, PARTICULARLY BEEF, WAS WELL BELOW LEVEL IN U.S. AND THAT WITH INCREASING AFFLUENCE IN EUROPE CONSUMER DEMAND FOR BEEF CAN BE EXPECTED TO INCREASE. HE SUGGESTED THAT IT WOULD BE VERY DIFFICULT TO RAISE FARM INCOMES TO PARITY WITH THE NONFARM SECTOR WITHOUT EXPANDED LIVESTOCK PRODUCTION. HE ALSO STRESSED THE BENEFITS, NOT ONLY TO FARMERS, BUT TO THE ENTIRE MARKETING CHAIN FROM INCREASED SALES OF ANIMAL PRODUCTS. HE EMPHASIZED THE DANGER OF RAISING PRODUCER PRICES TO SUCH A LEVEL THAT RETAIL PRICES WOULD SHARPLY LIMIT CONSUMER PURCHASES.

4. MINISTER LAVENS RECOGNIZED THE DEPRESSING EFFECT ON CONSUMPTION OF HIGH LIVESTOCK PRICES. HE EXPRESSED THE OPINION THAT BELGIUM WOULD NOT EXPERIENCE A SIGNIFICANT INCREASE IN BEEF MARKETING IN 1975. (COMMENT: WE DO NOT AGREE WITH THIS ASSESSMENT IN VIEW OF CURRENT BELGIAN PROGRAM TO PAY PREMIUMS TO PRODUCERS TO DELAY MARKETING OF SLAUGHTER ANIMALS).

5. THE MINISTER, IN COMMENTING ON FARMERS ACTIONS IN SUPPORT OF HIGHER CAP PRICES, NOTED THAT FARMERS ARGUE THAT INCOME TO FARMERS SHOULD BE AT LEAST EQUAL TO THAT OF NON-FARM SECTOR AND THAT THEY SHOULD ALSO BE PROTECTED AGAINST DOWNWARD FLUCTUATIONS IN INCOME LIMITED OFFICIAL USE

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RESULTING FROM WEATHER, CROP FAILURE, ETC.

6. BOTH MINISTER LAVENS AND ASST SEC. YEUTTER EXPRESSED APPRECIATION FOR THE OPPORTUNITY TO DISCUSS MUTUAL PROBLEMS AND EXCHANGE VIEWS.

7. THIS MESSAGE HAS NOT BEEN CLEARED WITH ASST. SEC. YEUTTER. FIRESTONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL COMMODITIES, MINISTERIAL MEETINGS, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE07309
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740266-1091
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740924/aaaaatph.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by cunninfx>; APPROVED <03 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSISTANT SECRETARY YEUTTER'S CALL ON MINISTER LAVENS
TAGS: EAGR, OVIP, (YEUTTERS), (LAVENS)
To: STATE EC BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005